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Corp report

Annual Report 1971
Northern Electric Company, Limited

File



Northern Electric Company, Limited

Montreal, Canada

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Northern Electric Company, Limited

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Northern Electric Company, Limited

Consolidated Results in Brief

| | 1971 | 1970 |
|-------------------------------|---------------|---------------|
| Sales | \$576,296,000 | \$563,611,000 |
| Net Earnings | 12,611,000 | 4,067,000 |
| Net Earnings per Share | 6.96 | 2.24 |
| Dividends | 11,832,000 | 8,836,000 |
| Dividends per Share | 6.53 | 4.88 |
| Capital Expenditures | 21,883,000 | 20,924,000 |
| Working Capital | 170,335,000 | 181,490,000 |
| Employees (31 December) | 21,723 | 24,972 |

Northern Electric Company, Limited

Directors

G. Maxwell Bell
Chairman of the Board
F.P. Publications Ltd.

*Ewart O. Bridges

A. Jean de Grandpré, Q.C.
Executive Vice-President
Eastern Region
Bell Canada

Georges L. Demers, Q.C.
President
Sterling Securities Corporation

*Arnold J. Groleau
Executive Vice-President
Administration
Bell Canada

*Herbert H. Lank
Director
Du Pont of Canada Limited

Alexander G. Lester
Consultant

*John C. Lobb

*Vernon O. Marquez

J. Angus Ogilvy, Q.C.
Senior Partner
Ogilvy, Cope, Porteous, Hansard,
Marler, Montgomery & Renault

Charles Perrault
President
Conseil du Patronat du Québec

*Gérard Plourde
Chairman of the Board
U.A.P. Inc.

*Robert C. Scrivener
President
Bell Canada

*Marcel Vincent
Chairman of the Board and
Chief Executive Officer
Bell Canada

*Edward C. Wood
Chairman of the Board
Genstar Limited

**Members of the Executive Committee*

Executive Office

Vernon O. Marquez
Chairman of the Board and
Chief Executive Officer

John C. Lobb
President

Officers

Ewart O. Bridges
Executive Vice-President

Raymond C. Smythe
Vice-President — Group Executive

W. Ritchie Johnston
Vice-President — Group Executive

Quentin R. Ball
Vice-President — Deputy Group Executive

J. Bruce Hutchinson
Vice-President — Deputy Group Executive

John A. Paré
Vice-President — Personnel

William J. Pardy
Vice-President — Sales & Marketing —
Cable & Apparatus

Walter C. Benger
Vice-President — Sales & Marketing —
Central Office Equipment & Systems

John R. Houghton
Vice-President — Manufacturing & Engineering

Kenneth H. Woodley
Vice-President — Administration

André A. Lavallée
Vice-President — Finance

W. Leonard Glasspoole
Vice-President — Controller

Gaston R. Boyer
Vice-President — Group Controller

Joyce A. Borden Reed
Corporate Secretary and Counsel

Report of the Directors to the Shareholders

for the Fifty-eighth Year of Operations Ended 31 December 1971.

The actions taken in the latter part of 1970 to improve earnings were continued during 1971 with favorable results. While consolidated sales for the year totalling \$576,296,000 increased less than 3% over 1970, consolidated net earnings for 1971 were \$12,611,000 compared with \$4,067,000 for the previous year. The Company paid \$11,781,000 in dividends during the year equal to \$6.50 per share plus a dividend of 51,000 common shares of Bell Canada-Northern Electric Research Limited, valued at \$51,000.

The improvement in net earnings was due principally to rigorous efforts to increase efficiencies during 1971. In the latter part of the year a major reorganization of the Company's structure was effected and benefits were realized by the year-end and are expected to continue. The labour force at year-end was 21,723 compared with 23,600 at the beginning of the year; this latter number does not include 1,372 employees transferred to Bell Canada-Northern Electric Research Limited in January, 1971.

In September, 1971, a U.S. subsidiary of the Company was established, Northern Telecom, Inc. A sales office was established in Boston, Mass. and other sales offices are being set up in key American cities. A telephone set assembly plant will begin operation in Port Huron, Michigan in March, 1972. Access to the U.S. market is essential to the Company's program in the years ahead.

Directors and Officers

John C. Lobb joined the Company in June as President and a director.

Vernon O. Marquez continued as Chairman of the Board and Chief Executive Officer of the Company.

Ewart O. Bridges was appointed a director and Executive Vice-President of the Company.

John A. Paré was appointed Vice-President, Personnel.

Kenneth H. Woodley was appointed Vice-President, Administration.

W. Leonard Glasspoole was appointed Vice-President, Controller.

Wilfred D. E. Anderson and Kenneth S. Hoyle, Vice-Presidents of the Company, resigned in order to accept positions with Bell Canada.

Charles T. Ball, Vice-President, Distribution Sales, retired from active service after 48 years with the Company.

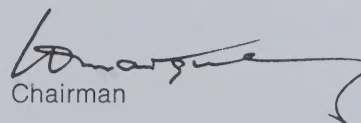
Employees

Total employment costs were \$209,410,000 for the year. Included in this total are the following supplementary employee benefits:

| | |
|--|--------------|
| Payments to Pension Trust Fund | \$12,276,000 |
| Payments to Government Pension Plans | 1,900,000 |
| Sickness and Accident Benefits | 3,135,000 |
| Death Benefits | 533,000 |
| Disability Pensions | 71,000 |

Your Directors wish to acknowledge the effort of the employees who were responsible for the results achieved.

On behalf of the Board


Chairman

18 February 1972

Northern Electric Company, Limited

Condensed Statement of Earnings

for the year ended 31 December 1971

(with comparative figures for the year ended 31 December 1970)

(Microsystems International Limited, incorporated in 1969, is shown separately to highlight the effect of its operations on consolidated results for the year. During 1971, this Company continued to experience start-up costs associated with anticipated integrated circuit sales.)

| | 1971 (thousands of dollars) | 1970 (thousands of dollars) |
|---|--------------------------------|--------------------------------|
| Northern Electric Company, Limited and Subsidiary Companies excluding Microsystems International Limited | | |
| Sales | \$574,754 | \$563,383 |
| Cost of Sales including Selling and General Administrative Expenses | 514,490 | 517,928 |
| Earnings from Operations before deducting Research and Development Expenses | 60,264 | 45,455 |
| Research and Development Expenses | 23,846 | 25,738 |
| | 36,418 | 19,717 |
| Interest Charges less Income from Investments | 4,211 | 4,017 |
| Earnings before Underlisted Items | 32,207 | 15,700 |
| Provision for Income Taxes | 15,703 | 6,331 |
| | 16,504 | 9,369 |
| Minority Interest in Net Earnings of Subsidiary Company | 25 | 53 |
| Net Earnings for the Year | 16,479 | 9,316 |
| (1971 Earnings per Share \$9.09) | | |
| (1970 Earnings per Share \$5.14) | | |
| Microsystems International Limited | | |
| Net Loss for the Year (Excluding Minority Interest) | 3,868 | 5,249 |
| Consolidated Earnings for the Year | \$ 12,611 | \$ 4,067 |
| Net Earnings per Share | \$6.96 | \$2.24 |

Northern Electric Company, Limited

Consolidated Statement of Earnings

for the year ended 31 December 1971

(with comparative figures for the year ended 31 December 1970)

| | 1971 (thousands of dollars) | 1970 |
|--|--------------------------------|-----------|
| Sales | \$576,296 | \$563,611 |
| Cost of Sales including Selling and General Administrative Expenses (Notes 2 and 3) | 517,640 | 521,518 |
| Earnings from Operations before deducting Research and Development Expenses | 58,656 | 42,093 |
| Research and Development Expenses (Note 4) | 29,677 | 30,996 |
| | 28,979 | 11,097 |
| Income from Investments | 1,309 | 1,562 |
| | 30,288 | 12,659 |
| Interest Charges | | |
| Long Term Debt | 5,439 | 4,313 |
| Bank and Other | 279 | 792 |
| | 5,718 | 5,105 |
| Earnings before Underlisted Items | 24,570 | 7,554 |
| Provision for Income Taxes (Note 5) | 14,470 | 5,290 |
| | 10,100 | 2,264 |
| Minority Interest in Net Loss of Subsidiary Companies before Extraordinary Item | 2,511 | 2,761 |
| Earnings before Extraordinary Item | 12,611 | 5,025 |
| Extraordinary Item (Note 6) | — | 958 |
| Net Earnings for the Year | \$ 12,611 | \$ 4,067 |
| Net Earnings per Share before Extraordinary Item | \$6.96 | \$2.77 |
| Net Earnings per Share | \$6.96 | \$2.24 |

Consolidated Balance Sheet as at 31 December 1971

(with comparative figures as at 31 December 1970)

| | Assets | | 1971 (thousands of dollars) | 1970 |
|---|---------------|--|--------------------------------|------------------|
| Current | | | | |
| Cash | | | \$ 7,229 | \$ 622 |
| Short Term Investments (Note 6) | | | 20,191 | 18,047 |
| Accounts Receivable | | | | |
| Affiliated Companies | | | 39,819 | 29,210 |
| Other | | | 64,676 | 62,055 |
| Property Held for Sale and Lease-back, at cost | | | 8,282 | 9,038 |
| Inventories (Note 7) | | | 112,161 | 134,428 |
| Prepaid Expense | | | 1,275 | 1,444 |
| | | | <u>253,633</u> | <u>254,844</u> |
| Investment in Affiliated and Associated Companies, at cost | | | 99 | 50 |
| Advance to Affiliated Company | | | 4,950 | — |
| Other Investment (Note 8) | | | 600 | — |
| Plant and Equipment (Note 9) | | | | |
| Land and Buildings | | | 50,026 | 51,328 |
| Machinery and Equipment | | | 179,993 | 181,893 |
| | | | <u>230,019</u> | <u>233,221</u> |
| Less: Accumulated Depreciation | | | 124,362 | 125,340 |
| | | | <u>105,657</u> | <u>107,881</u> |
| Deferred Charges | | | | |
| Unamortized Discount and Expense on Long Term Debt | | | 702 | 716 |
| Total Assets | | | <u>\$365,641</u> | <u>\$363,491</u> |

On Behalf of The Board of Directors:

E. C. Wood, Director.

A. G. Lester, Director.

Northern Electric Company, Limited

(Incorporated in 1914 under The Canada Corporations Act)

| Liabilities | | 1971 (thousands of dollars) | 1970 (thousands of dollars) |
|---|--|--------------------------------|--------------------------------|
| Current | | | |
| Due to Banks | | \$ 4,656 | \$ 1,302 |
| Accounts Payable and Accrued Liabilities | | | |
| Affiliated Companies | | 4,503 | 778 |
| Other | | 59,239 | 53,773 |
| Taxes Payable | | 12,857 | 14,274 |
| Sinking Fund Deposits due within one year (Note 10) | | 2,043 | 3,227 |
| | | <u>83,298</u> | <u>73,354</u> |
| Loan Payable (Note 11) | | 4,055 | 1,863 |
| Long Term Debt (Note 10) | | 73,032 | 77,050 |
| Deferred Income Taxes (Note 9) | | 14,370 | 18,814 |
| Minority Interest in Subsidiary Companies | | 7,116 | 9,419 |
| | | <u>181,871</u> | <u>180,500</u> |
| Shareholders' Equity | | | |
| Capital Stock | | | |
| Authorized — 2,250,000 Shares of no par value | | | |
| Issued — 1,812,500 Shares | | 113,975 | 113,975 |
| Contributed Surplus (Note 12) | | 7,357 | 7,357 |
| Retained Earnings | | 62,438 | 61,659 |
| | | <u>183,770</u> | <u>182,991</u> |
| Total Liabilities and Shareholders' Equity | | <u><u>\$365,641</u></u> | <u><u>\$363,491</u></u> |

W. L. Glasspoole, C.A., Vice-President, Controller

Northern Electric Company, Limited

Consolidated Statement of Retained Earnings

for the year ended 31 December 1971

(with comparative figures for the year ended 31 December 1970)

| | 1971 (thousands of dollars) | 1970 (thousands of dollars) |
|--|--------------------------------|--------------------------------|
| Balance at Beginning of Year | \$ 61,659 | \$ 66,428 |
| Net Earnings for the Year | 12,611 | 4,067 |
| | <u>74,270</u> | <u>70,495</u> |
| Deduct: Dividends Paid (Note 13) | 11,832 | 8,836 |
| Balance at End of Year | <u>\$ 62,438</u> | <u>\$ 61,659</u> |

Consolidated Statement of Source and Application of Funds

for the year ended 31 December 1971

(with comparative figures for the year ended 31 December 1970)

| | 1971 (thousands of dollars) | 1970 (thousands of dollars) |
|--|--------------------------------|--------------------------------|
| Source of Funds | | |
| Operations: | | |
| Net Earnings | \$ 12,611 | \$ 4,067 |
| Items not requiring current funds | | |
| Depreciation and Miscellaneous | 11,723 | 12,381 |
| Deferred Income Taxes | 274 | (4,783) |
| | <u>24,608</u> | <u>11,665</u> |
| Minority Interest in Subsidiary Companies | — | 7,928 |
| Loan Payable | 2,192 | 1,004 |
| Proceeds from Long Term Debt (Net) | — | 39,259 |
| Proceeds from Sale of Fixed Assets (Note 9) | 6,478 | 91 |
| Deferred Income Tax — Prior Period | 1,202 | 335 |
| Contributed Surplus (Note 12) | — | 7,357 |
| Decrease in Working Capital | 11,155 | — |
| | <u>\$ 45,635</u> | <u>\$ 67,639</u> |
| Application of Funds | | |
| Expenditures for Plant and Equipment | \$ 21,883 | \$ 20,924 |
| Reduction of Long Term Debt | 4,018 | 3,950 |
| Dividends | 11,832 | 8,836 |
| Investment in and Advance to Affiliated and Associated Companies | 4,999 | 50 |
| Other Investment (Note 8) | 600 | — |
| Minority Interest in Subsidiary Companies | 2,303 | — |
| Increase in Working Capital | — | 33,879 |
| | <u>\$ 45,635</u> | <u>\$ 67,639</u> |

Northern Electric Company, Limited

Notes to the Consolidated Financial Statements

31 December 1971

Note 1 Principles of Consolidation

The consolidated financial statements include the accounts of Northern Electric Company, Limited ("Northern Electric") and all subsidiary companies with provision made for the interests of minority shareholders.

| Subsidiary companies are: | Ownership |
|--|-----------|
| Dominion Sound Equipments Limited | 100.0% |
| Montreal, Canada | |
| Industrial Corporation for Telecommunications Equipment S.A. Northern Electric Hellas | 100.0% |
| Athens, Greece | |
| Microsystems International Limited ("Microsystems") | 60.4% * |
| Montreal, Canada | |
| Northern Electric Caribbean Limited | 100.0% |
| Jamaica | |
| Northern Electric Telekomünikasyon A.Ş. | 51.0% |
| Umraniye (Istanbul), Republic of Turkey | |
| Northern Telecom, Inc. ("N.T.I.") | 100.0% ** |
| Boston, United States of America | |

*See Note 15

**See Note 19

Note 2 Depreciation

Depreciation on plant and equipment amounted to \$11,709,000. Depreciation is calculated on the straight-line method using rates based on the expected useful lives of the assets.

Note 3 Remuneration of Directors and Officers

The remuneration of directors and officers of the Company for the year ended 31 December 1971 was as follows:

| | Remuneration received as Directors | Remuneration received as Officers |
|---|---------------------------------------|--------------------------------------|
| Directors of Northern Electric (15) | | |
| Paid by: | | |
| Northern Electric | \$64,000 | \$ — |
| Microsystems | 4,000 | — |
| | <u>\$68,000</u> | <u>\$ —</u> |
| Officers of Northern Electric (22 of whom 3 were also directors) | | |
| Paid by: | | |
| Northern Electric | \$ — | \$979,000 |
| Microsystems | \$ — | — |
| | <u>\$ —</u> | <u>\$979,000</u> |

Note 4 Research and Development Expenses

Research and development expenses are after deducting applicable Canadian Government grants, including conditional grants to Microsystems amounting to \$6,406,000 (see Note 17).

Note 5 Provision for Income Taxes

Possible future reductions in income taxes relating to losses carried forward in certain subsidiary companies have not been taken up in the accounts as the date of their realization cannot, as yet, be determined.

Note 6 Short Term Investments

The short term investments are carried at cost after providing fully in 1970, as an extraordinary item, for an investment held by Microsystems, as follows:

| | |
|---|-------------------|
| Provision for loss on short term investment | \$1,586,000 |
| Less: Minority Interest | 628,000 |
| | <u>\$ 958,000</u> |

Such provision has been made as it is not possible at present to determine what value, if any, may be placed on this investment. The carrying value of the short term investments approximates market value.

Note 7 Inventories

Inventories are valued at the lower of cost and net realizable value except for copper in raw materials and in work-in-process which is valued on a base-stock method.

Note 8 Other Investment

On 21 September 1971, Microsystems purchased 40,000 common shares (a 6.82% interest) of Monolithic Memories Inc. ("MMI"), a United States Company, at a price of \$15 per share.

The shareholders' equity of MMI according to its audited financial statements as at 30 September 1971 was \$1,115,000.

Note 9 Plant and Equipment

Plant and equipment is stated at cost, which is after deducting amounts claimed for general purpose plant and equipment under the Industrial Research and Development Incentives Act. Also deducted are Canadian Government conditional grants to Microsystems amounting to \$4,392,000 (see Note 17).

Under an agreement dated 1 January 1971, the Company sold most of its research and development facilities, and related know-how and technology to Bell Canada — Northern Electric Research Limited ("B.N.R."). The sale price of \$5,660,000 was equal to the cost of the facilities amounting to \$20,027,000 less accumulated depreciation of \$8,447,000 and deferred income taxes of \$5,920,000.

Note 10 Long Term Debt

| Sinking Fund Debentures | Authorized and Issued | Redeemed | Outstanding | |
|---|--------------------------|--------------|----------------------|---------------------|
| | | | Current Liability | Long Term Debt |
| 4½ % due 1 November 1976 .. | \$20,000,000 | \$11,157,000 | \$ 843,000 | \$ 8,000,000 |
| 5½ % 1962 Series due 15 December 1982 | 20,000,000 | 6,055,000 | — | 13,945,000 |
| 6¼ % Series C due 15 April 1986 .. | 15,000,000 | 1,513,000 | — | 13,487,000 |
| 9½ % Series D due 30 April 1990 | 40,000,000 | 1,200,000 | 1,200,000 | 37,600,000 |
| | | | <u>\$2,043,000</u> | <u>\$73,032,000</u> |

Note 11 Loan Payable

The loan payable represents an interest free loan to Microsystems from the Canadian Government for the provision of equipment (see Note 17).

Note 12 Contributed Surplus

Contributed surplus represents the gain arising on consolidation from the public issue in 1970 of common shares of Microsystems.

Note 13 Dividends Paid

Dividends paid include a dividend of 51,000 common shares of B.N.R., valued at \$51,000, thereby reducing Northern Electric's ownership in B.N.R. from 100% to 49% of the outstanding shares.

Note 14 Plan for Employees' Pensions

The latest actuarial valuation of the Plan established an unfunded liability of \$30,239,000 at 31 December 1969. Subsequent payments to reduce this amount have been more than offset by the increase in the unfunded liability arising from increased wage levels, so that the unfunded liability is estimated to be \$34,135,000 at 31 December 1971. This amount is being funded by regular payments which will terminate in 1990. Payments are charged to operations in the years they are made.

Note 15 Commitments

At 31 December 1971, there were outstanding commitments of \$4,687,000 for additions to plant and equipment.

Material contractual obligations in respect of long term leases, principally covering building space, amounted to \$20,960,000 at 31 December 1971. Related rentals incurred for the year ended 31 December 1971 amounted to \$1,599,000. The minimum amount applicable to the five years subsequent to 31 December 1971 is \$6,802,000 of which \$1,360,000 is applicable to the year 1 January 1972 to 31 December 1972.

Northern Electric has subscribed and agreed to pay for, over a period ending 31 December 1973, an additional 1,950,000 common shares of Microsystems at a price of \$10 per share. As at 31 December 1971, Northern Electric had purchased 450,000 common shares in respect of this subscription. The quoted market price of the Microsystems shares at 31 December 1971 was \$5.87 per share.

Note 16 Restriction on Payment of Dividends

Under the terms of the Trust Agreement in respect of the 9½% Sinking Fund Debentures, Series D, due 30 April 1990, Northern Electric undertook not to make any distributions to or for the account of its common shareholders if the aggregate amount of such distributions, subsequent to 31 December 1969, exceeds the aggregate of:

- (A) The net earnings of Northern Electric and its subsidiaries other than Microsystems subsequent to 31 December 1969;
- (B) The net proceeds to Northern Electric of the issue of any shares of its capital stock subsequent to 31 December 1969; and
- (C) \$10,000,000.

At December 1971, the total amount available for distribution was \$15,127,000.

Note 17 Microsystems International Limited Canadian Government Grants and Loan

Under agreements dated 22 July 1969, the Government undertook to reimburse Microsystems for expenditures approved prior to 1 April 1973 in respect of the cost of specified equipment by means of a conditional grant not exceeding \$12,000,000 and an interest free loan not exceeding \$12,000,000, and also in respect of 50% of certain research and development expenses by means of conditional grants not exceeding \$23,950,000.

**Note 17 Microsystems
International Limited
Canadian Government Grants
and Loan**

(Continued)

To 31 December 1971, \$18,686,000 had been claimed by Microsystems in respect of the conditional grants. The conditional grants are repayable, without interest, from the cumulative earnings (after deduction of losses) before income taxes, in excess of 10% of the cumulative sales of all products except discrete components.

The loan (\$4,055,000 at 31 December 1971) is repayable in five equal consecutive annual instalments in respect of each equipment package, the first instalment to be paid one year after the date on which the particular equipment package is put to use.

**Note 18 Microsystems
International Limited
Outstanding Share Purchase Warrants
and Stock Options**

There are outstanding 430,000 share purchase warrants entitling holders to purchase an equivalent number of common shares of Microsystems at a price of \$13.50 per share until 1 April 1979.

Microsystems has reserved 250,000 common shares for issue upon exercise of options granted or to be granted to full-time officers and other key employees of Microsystems. Options are exercisable in instalments in the three years following the second anniversary of the date of the grant and must be exercised no later than seven years from the date of the grant. Options outstanding at 31 December 1971 were as follows:

| <u>Shares Optioned</u> | <u>Exercise Period</u> | <u>Option Price</u> | <u>Officers</u> | <u>Others</u> | <u>Lapsed</u> |
|----------------------------|------------------------|-------------------------|-----------------|---------------|---------------|
| 99,250 | 23 June 1973-1978 | \$4.97 | 37,500 | 58,250 | 3,500 |

Note 19 Northern Telecom, Inc.

N.T.I. was incorporated in the State of Delaware on 13 September 1971 as a wholly owned subsidiary of the Company for the purpose of manufacturing, assembling, selling, distributing, importing and exporting communications equipment.

During 1971, the Company subscribed and paid for 1,999,000 N.T.I. common shares of one cent par value at a cost of \$1,005,000.

Under an agreement dated 1 October 1971, the Company sold to N.T.I. certain patents and licensing agreements for the sum of \$729,000.

Auditors' Report

The Shareholders,
Northern Electric Company, Limited

We have examined the consolidated balance sheet of Northern Electric Company, Limited and its subsidiaries as at 31 December 1971 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered

necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at 31 December 1971 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Que.
9 February 1972



Chartered Accountants.

Northern Electric Company, Limited

and Subsidiary Companies excluding Microsystems International Limited

(Microsystems International Limited is excluded in order to provide comparable yearly data. This Company, incorporated in 1969, continued to experience start-up costs associated with anticipated integrated circuit sales.)

Seven-Year Review

| | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 |
|--|-----------------------|--------|--------|--------|--------|--------|--------|
| | (millions of dollars) | | | | | | |
| Earnings and Related Data | | | | | | | |
| Total Sales | 574.8 | 563.4 | 482.9 | 426.3 | 403.3 | 400.2 | 358.1 |
| Sales of Company Manufactured Products | 474.4 | 463.7 | 390.7 | 345.3 | 308.1 | 284.1 | 249.6 |
| Depreciation on Plant and Equipment | 9.7 | 10.9 | 9.9 | 9.9 | 8.6 | 7.9 | 6.4 |
| Interest Charges | 5.5 | 5.0 | 3.5 | 2.7 | 2.7 | 2.7 | 1.9 |
| Provision for Income Taxes | 15.7 | 6.3 | 9.8 | 5.6 | — | .7 | 2.3 |
| Net Earnings for the Year | 16.5 | 9.3 | 14.1 | 9.4 | 2.3 | 10.1 | 8.6 |
| Earnings per Share (Dollars) | 9.09 | 5.14 | 8.70 | 6.42 | 1.57 | 9.08 | 8.46 |
| Dividends per Share (Dollars) | 6.53 | 4.88 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 |
| Financial Position at 31 December | | | | | | | |
| Working Capital | 165.2 | 174.1 | 147.1 | 119.7 | 119.3 | 118.6 | 93.1 |
| Plant and Equipment (At Cost) | 206.1 | 212.1 | 198.2 | 194.5 | 184.6 | 167.2 | 146.3 |
| Accumulated Depreciation | 117.7 | 120.2 | 111.7 | 108.3 | 100.7 | 93.9 | 87.7 |
| Capital Expenditures | 18.5 | 16.4 | 14.7 | 12.4 | 19.7 | 23.0 | 15.3 |
| Long Term Debt | 73.0 | 77.1 | 41.0 | 43.0 | 45.0 | 47.0 | 36.2 |
| Shareholders' Equity | 188.8 | 184.2 | 183.6 | 145.0 | 140.8 | 128.6 | 100.8 |
| Employment data | | | | | | | |
| Total Employment Costs | 200.2 | 223.3 | 200.5 | 175.4 | 157.1 | 144.0 | 119.1 |
| Employees (31 December) | 20,669 | 24,009 | 25,162 | 23,682 | 22,557 | 23,864 | 19,632 |

Northern Electric Company, Limited

Products manufactured

Telephone Switching Systems

Electro-mechanical exchanges
Electronic exchanges (stored program controlled systems)
Toll switching
Data switching
Automatic call distribution
Private automatic branch exchanges (PABX)

Transmission Systems

Microwave radio
Satellite electronics
Carrier multiplex
Digital lines and banks
Voice frequency and program

Telephone Sets

Residential telephone sets
Public telephone sets
Business telephone sets
Key telephone sets and systems
Business interphones

Wires and Cables

Telecommunications wire and cables
Power wire and cables

Telecommunications Power Plants

24V, 48V and 130V power plants
Ringing and tone plants

Telecommunications Apparatus

A complete line of apparatus and components

Manufacturing Centres

Halifax, Nova Scotia
Saint John, New Brunswick
Montreal, Quebec
Montreal North, Quebec
Town of Mount Royal, Quebec
St. Laurent, Quebec
Lachine, Quebec
Lucerne, Quebec
Belleville, Ontario
Kingston, Ontario
Bramalea, Ontario
Toronto, Ontario
London, Ontario
Winnipeg, Manitoba
Regina, Saskatchewan
Calgary, Alberta

Subsidiary Companies

Microsystems International Limited
Montreal, Canada

Dominion Sound Equipments Limited
Montreal, Canada

Northern Electric Telekomünikasyon A.Ş.
Umraniye (Istanbul)
Republic of Turkey

Northern Telecom, Inc.
Boston, Mass.

Industrial Corporation for Telecommunications Equipment S.A.
Northern Electric Hellas
Athens, Greece

Northern Electric Caribbean Limited
Jamaica, W.I.

Affiliated Company

Bell Canada-Northern Electric Research Ltd., Ottawa, Canada

Associated Company

Ancom Systems Limited
Ottawa, Canada

Sales Offices and Warehouses

St. John's, Newfoundland
Halifax, Nova Scotia
Moncton, New Brunswick
St. Foy, Quebec
Sherbrooke, Quebec
Montreal North, Quebec
Montreal, Quebec
Ottawa, Ontario
Kingston, Ontario
Scarborough, Ontario
Toronto, Ontario
North York, Ontario
Mississauga, Ontario
Hamilton, Ontario
London, Ontario
Windsor, Ontario
Sudbury, Ontario
Thunder Bay, Ontario
Winnipeg, Manitoba
Regina, Saskatchewan
Saskatoon, Saskatchewan
Edmonton, Alberta
Calgary, Alberta
Vernon, British Columbia
Prince George, British Columbia
Kamloops, British Columbia
Vancouver, British Columbia
Victoria, British Columbia

